

HB 5562

Testimony of Mark A. Griffin  
Michigan Petroleum Association  
Michigan Association of Convenience Stores

Good morning Mr. Chairman and members of the Committee. Thank you for letting me speak to you today. Some of you I have met before, but please let me refresh your memory as to who the Michigan Petroleum Association/Michigan Association of Convenience Store is.

MPA/MACS has been serving the State of Michigan's independent petroleum marketers and retailers since 1934. In 1986 we added our convenience store arm to better represent the changes in our industry. Today, we have about 400 companies as members; petroleum wholesalers, retailers, truck stop operators, heating fuel suppliers, propane dealers and a large number of vendors. We employ over 15,000 people at over 2,000 retail locations in all of Michigan's 83 counties.

HB 5562 is both good news and bad news for members of the retail gasoline industry. That is why I checked both boxes on the card. An expansion of the number of retail gas stations that can offer the combined sale of beer/wine/gasoline will benefit the members of MPA/MACS more than any other association in the State of Michigan, bar none.

It is good news because at long last the Legislature is taking up a bill which will address one of the majority inequities in our industry. The discrimination imposed on us by government with regards to the sale of a legal product. Today only the very small retailer or the giant big box retailer can legally be eligible to sell these combined products. This equates to only about 27% of Michigan's 5,000 plus retail gas stations.

Sadly, and most importantly, it is bad news because HB 5562 falls woefully short of doing what needs to be done and that is addressing the discrimination and continued prohibition we are faced with. As written, this bill will only increase the number of eligible locations by about 140 locations, leaving about 3,500 locations that are still discriminated against.

MPA/MACS has long held that due to the misinformation spread on this issue, it would be necessary to move slowly in opening more locations. We believed that the best course would be to take a bite out of the apple, and not try to get the entire State opened up in the first phase.

However, HB 5562 does so little to improve the situation, many in our Association wonder if this is little more than play-acting and not a real attempt at fixing the problem. We find it incredibly ironic that we been repeatedly told that on other issues the

Legislature does not want government to be involved in our business. And yet here we have a case where they prohibit 73% of our industry from being eligible to sell a product that only the very small retailer or the very large big box can sell.

It is also ironic, if not illogical, that we have seen repeated attempts by the Legislature to force us by mandate to sell ethanol as a motor fuel, and yet you are continuing to prohibit us from selling it as a beverage.

In the past we have been told that we were banned from the combined sale of beer/wine/gasoline for fears that it would increase drunk driving. That is as illogical as saying building more roads increases speeding. Law breakers, break laws. They do it today, they will do it tomorrow. They will do it regardless of the number of retail locations that sell the product. In a 1984 study, the Michigan Liquor Control Commission stated that they found no conclusive evidence of a connection between drunk driving and combined sales of beer, wine, and gasoline.

Surely, while we doubt you understand us and our frustration, you at least can appreciate that we are frustrated. The current discrimination against us doesn't make sense. Continuing the prohibition against us doesn't make sense. Taking this meaningless nibble out of the apple doesn't make sense.

True meaningful reform of this antiquated law would make sense. That is why we have proposed different language which is in the packet you have been given. Our proposal would increase the number of eligible locations to slightly less than 50%. Not perfect, but a substantial compromise.

Please consider our proposal and actually help the people most affected by this legislation. Thank you and I will be happy to answer any questions you may have.

**Current Language:**

(2) The commission shall not prohibit an applicant for or the holder of a specially designated merchant license from owning or operating motor vehicle fuel pumps on or adjacent to the licensed premises if both of the following conditions are met:

- (a) the applicant or licensee is located in either of the following:
  - (i) a city, incorporated village, or township with a population of 3,000 or less and a county with a population of 31,000 or more.
  - (ii) A city, incorporated village, or township with a population of 3,500 or less and a county with a population of less than 31,000.

**Currently:**

There are approximately 5,096 licensed retail fuel locations in Michigan.

Big Counties: 855 of 4,338 or 19.7% fall in class (2)(a)(i).

Little Counties: 555 of 758 or 73.2% fall in class (2)(a)(ii).

Statewide: 1,410 of 5,096 in both classes or about 27.6%

**HB 5562 as proposed would increase as follows:**

Big Counties: 952 of 4,338. Increase of 97.

Little Counties: 595 of 758. Increase of 40.

Statewide: 1,547 of 5,096 or about 30.3%

**MPA/MACS proposal would increase as follows:**

Big Counties: 1714 of 4,338. Increase of 859.

Little Counties: 758 of 758. Increase of 187.

Statewide: 2,472 of 5096 or about 48%.

**Proposed New Language for HB 5562:**

(2) The commission shall not prohibit an applicant for or the holder of a specially designated merchant license from owning or operating motor vehicle fuel pumps on or adjacent to the licensed premises if both of the following conditions are met:

(a) the applicant or licensee is located in either of the following:

- (i) a city, incorporated village, or township with a population of ~~3,000~~ 10,000 or less and a county with a population of 31,000 or more.
- (ii) ~~A city, incorporated village, or township with a population of 3,500 or less~~ and a county with a population of less than 31,000.

MICHIGAN PETROLEUM ASSOCIATION  
**MPAMACS**  
MICHIGAN ASSOCIATION of CONVENIENCE STORES



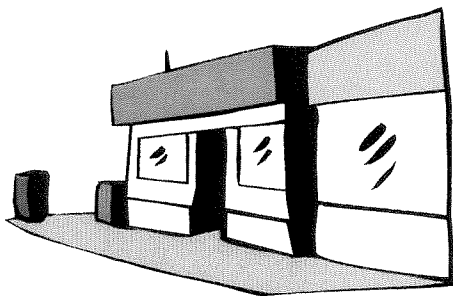
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The Michigan Petroleum Association (MPA) has been serving the state's independent petroleum marketers since 1934. MPA was incorporated by a group of petroleum distributors who believed that by promoting a cooperative spirit and encouraging group effort, marketers across the state could best achieve their common goals.

The Michigan Association of Convenience Stores (MACS) was established by MPA in 1986 to serve the interests of the state's c-store industry on the legislative front and in other matters of concern to c-store operators. In 1996,



truckstop operators, service station operators, and retail/wholesale providers of propane were invited to join MPA/MACS and benefit from the Association's services and expertise.



MPA/MACS counts 400 companies as members, with over 1,500 retail locations. Our members employ over 15,000 people statewide in all of Michigan's 83 Counties.

The "average" gas station/convenience store is a major partner for the State of Michigan when it comes to the collection and payment of State Taxes. Please keep in mind that most of these taxes are prepaid to the State, not just passed along and collected from the customer.

The average gas station/convenience store pays about \$140,500 per year in cigarette taxes. They pay \$25,500 per year in sales tax on those cigarettes.

The average gas station/convenience store pays about \$226,744 per year in gasoline motor fuel taxes and about \$19,217 per year in diesel motor fuel taxes. They also pay about \$96,677 and \$10,505 per year in sales tax on gasoline and diesel fuel respectively.



All told, the average gas station/convenience store pays about **\$519,000 per year in taxes to the State of Michigan**, just on cigarette and motor fuel sales. Obviously this does not include sales or use taxes on other items sold in the store, bought for use in the store, income taxes, etc.